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SUBJECT: PALESTINIAN PHARMACEUTICAL COMPANIES WANT TO
PARTNER WITH DONORS

¶1. (SBU) Summary: Palestinian pharmaceutical companies called on donors, in a June 14 briefing, to coordinate with them on relief efforts and consider procuring Palestinian-manufactured drugs. They also asked donors to intervene with Israeli authorities to facilitate the passage of their products and raw materials across checkpoints. The drug companies underscored their financial difficulties from a drop in sales and unpaid bills for supplies provided to the Palestinian Authority (PA) Ministry of Health (MOH). End summary.

Drug companies call for coordination,
offer to help humanitarian efforts

¶2. (SBU) Members of the Union of Palestinian Pharmaceutical Manufacturers (UPPM), including Bassim Khoury (Pharmacare), Iyad Masrouji (Jerusalem Pharmaceuticals), and Talal Nasiruddin (Birzeit Pharmaceutical), met with donors and NGOs June 14 to discuss their current challenges and how they can help the donor community provide humanitarian assistance to the Palestinians. Nasiruddin called upon donors to coordinate with the UPPM, the representative body of six drug companies located in Ramallah (4), Beit Jala (1), and Gaza (1). He said that with USD 38 million in revenues, the Palestinian drug companies are well-positioned to assist with local manufacturing capacity and a far-reaching network targeting medical staff in the hospitals and clinics in the West Bank and Gaza. Furthermore, UPPM can help with monitoring indicators and alerting the international community to imminent crises in the health sector.

Donors should consider procuring
Palestinian-manufactured drugs

¶3. (SBU) Nasiruddin urged donors to consider buying Palestinian-made drugs, noting that local drug companies produce 1,070 different high-quality drugs at reasonable prices. Six companies have ISO 9000 and five have ISO 14000 certifications, while the top four are compliant with Good Manufacturing Practices (GMP) and have been inspected by several international groups. Locally manufactured generics comprise 60 percent of an estimated USD 70 to 90 million drug market, which has an average annual per capita spending of USD 23. The PA MOH tenders 20 percent of its annual drug needs to Palestinian pharmaceutical companies. These drug needs are based on the MOH essential drug list, of which

Palestinian companies manufacture 156 out of 472 products, according to Nasiruddin.

Calling on donors to intervene with GOI for drug distribution and raw material imports

14. (SBU) Nasiruddin called on the international community to facilitate the transport of drugs through Israeli checkpoints. Border closures, especially those at Karni, have raised transportation costs and made it difficult to import raw materials, he said. Over the last five years, these companies have invested USD 40 million in upgrading equipment and facilities, but have found it increasingly difficult to get the materials that they need because of the closures.

Financial difficulties from depressed sales and unpaid bills

15. (SBU) Nasiruddin warned that local drug companies are facing financial difficulties due to unpaid bills by the MOH and a drop in revenues. Thus far, the MOH owes USD 5 million to the Palestinian drug manufacturers for purchases made over the last twelve months. In addition to unpaid bills, the absence of PA salaries has depressed revenues, Khoury said, pointing to evidence that drug sales typically spike the week that salaries are paid. Now, as a result of reduced incomes, people are spending less on drugs and more in food. This reduced cash flow has forced one company, Birzeit Pharmaceutical Co., to apply for a bank loan, for the first time in its corporate history, in order to sustain its operations.

STEVENS